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ABSTRACT

In 1980, Tonnelly Central School District became the first school district in New York State to be dissolved pursuant to Section 1505 of Education Law, marking the first use of dissolution and annexation as a means by which to address the programmatic and management problems encountered in the operation of a central school district. Problems faced by the school board (declining enrollment, the longstanding small local tax base, and increased high school graduation requirements) had become increasingly unmanageable and ultimately lacked any solution short of reorganization. The resignation of the board after the decision to excise certain programs from the school's curriculum signaled the desperate situation of the district and, finally, the need for radical structural change. The choice of dissolution and its justification were heavily influenced by a "sense of community" and "community pride." The dissolution alternative offered strong financial incentive, lowering property taxes and resulting in the distribution of revenues generated by the sale of school equipment and state aid to the district. A legal and political analysis of the dissolution and future uses are included. Data collected for this study were obtained primarily through interviews, as well as from the State Education Department and the 1980 Census. (JMM)

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by
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Organizational Alternatives for Small-Rural Schools In New York State*

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INTRODUCTION

When the Tonnelly Central School District was dissolved in 1980 pursuant to Section 1505 of Education Law[1], it became the first "central" school district in the State to be dissolved under the law governing the "dissolution, reformation, and construction of districts." While a number of common and union free school districts had been previously dissolved, pursuant to the since appealed Sections 128 and 129 of the Consolidated School Law of 1894 (as amended), Tonnelly marked the first use of dissolution and annexation as a means by which to address the programmatic and management problems encountered in the operation of a central school district.

The dissolution and subsequent annexation of common and union free school districts to consolidated or central school district(s) has occurred frequently in the State's reorganization history.[2] However, as frequent as the occurrence of dissolution and annexation may have been for common and union free districts, appeals to the Commissioner of Education in protest of District Superintendent's action (many times without consent) have been

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[1] Previous dissolutions of common and union free school districts have occurred pursuant to Sections 128 and 129 of the Consolidated School Laws of 1894 as amended.

[2] Many of the earliest dissolutions of common and union free school districts occurred during the first quarter of the twentieth century in the State.

equally as frequent.[3] In the case of the dissolution and subsequent annexation of the Tonnelly Central School District to the adjoining districts the dissolution and annexation plans received support from all of the communities affected by the reorganization. The histories of other small rural school districts both within and outside of the State and their particular responses to suggested reorganization have focused much rural education research on the documentation of community resistance to boundary changes eventuating in some change in the governance of local school districts.[4] In the case of Tonnelly,

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[3] The issue of consent involved in early dissolutions of common and union free school districts may be viewed in the following references:

> Op. Education Dept., 1941, 64 St. Dept. 145
> "This chapter does not require the District Superintendents to obtain the consent of the people of the dissolved district."

The issue of consent in the early cases of dissolution is closely related to the grounds which can reasonably justify the dissolution of a school district. Early appeals to dissolution orders have upheld such action on the basis of provision of "better and more extensive educational facilities" (Op. Education Dept., 1936, 53 St. Dept., 176); "facilitation of pupil attendance and economic saving" (Op. Education Dept., 1925, 32 St. Dept. 644); and "educational interests of pupils involved" (Op. Education Dept., 1940, 62 State Dept. 187. For further evidence, see Matter of District No. 3, Town of Forestburg, 1945, 66 St. Dept. Educ. 5.). Section 1505 of Education Law grants broad statutory powers to the district superintendents in the determination and filing of orders to dissolve and annex a school district.

[4] For documentation of community resistance to school reorganization, see Alan Peshkin, The Imperfect Union: School Consolidation and Community Conflict (Chicago: The University of Chicago Press, 1982) and Paul M. Nachtigal, (ed.) Rural Education: In Search of A Better Way (Boulder, Colorado: Westview Press, 1982). As may be noted from these readings, the resistance of small rural school districts to suggested

the lack of community dissent or any organized resistance to the recommendation to dissolve the district can largely be explained by the longstanding programmatic and management issues which faced the members of the Tonnelly Central School Board. Problems encountered by the Board had become increasingly unmanageable and ultimately lacked any solution short of reorganization. The acceptance of the unmanageability of the problems by the Board and the community explains the widespread acceptance of reorganization.

The dissolution alternative offered strong financial incentive to members of the former Tonnelly Central School District. Dissolution and annexation, for the residents of the former District, would lower property taxes and result in the distribution of revenues generated by the sale of school equipment and the state aid to the District for the 1979-80 academic year in 1980-81 distributed to property owners in the District on the basis of a "reverse tax levy."[5]

Sections 3 and 4 of this case study deal with a brief history of the Tonnelly Central School District, recounting the

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reorganizations frequently stems from a perception, sometimes accurate and sometimes not, that the reorganization will diminish parental and community involvement in the new school district. However, most reorganization plans attempt to respond to fears of reduced participation in the governance of the new district by apportioning informally school board seats to members representing different areas of the district, newly merged or annexed portions.

[5] The "reverse tax levy" was calculated on the basis of the assessed value of the property owned by a resident of the district. Distribution of the 1979-80 state aid was made in proportion to a resident's assessed property value.

major programmatic and management issues facing the district in 1979-80 and the several years preceding, problems of School Board operation, and the factors which motivated the recommendation of dissolution and annexation as the most favored reorganization alternative for the District. The last two sections of the study focus on the legal context of dissolution and annexation and the "politics" of this specific reorganization variant. Thus, the first four sections of the paper will provide the means for evaluating dissolution and annexation as a means of responding to the programmatic and management objectives which a district may wish to obtain through reorganization.

DATA COLLECTION

The data collected for this study was obtained primarily through interviews with various participants and observers of the events preceding and eventuating in the dissolution of the Tonnelly Central School District. The perceptions and memories of those involved in the reorganization were central to the development of this case study.

Additional data were obtained from the State Education Department and from the 1980 Census. Unfortunately, since (1) Tonnelly is an unincorporated village, and (2) the 1980 Census did not include data for school district's of less than 300 students, neither village nor school district data were provided

for Tonnelly in the 1980 Census. The demographic data for Tonnelly either implied or stated in the study stems from either interviews where subjects alluded to some piece of demographic information, observations of researchers made during visits to the site, information obtained through the closing file for the Tonnelly Central School District at the local District Superintendent's office or other information made available through State of Education Department Sources.

PROGRAMMATIC AND MANAGEMENT ISSUES

When the Tonnelly Central School Board voted to dissolve the then "current [school] district" and to "attach the territory to one or more adjoining districts" on March 27, 1980, there were 186 students enrolled in grades K-12. During the district's final year of operation, the graduating class numbered six.

Declining enrollment was a recognized problem and had been one ever since the district began to drop below a K-12 enrollment of 300 sometime during the early to middle 1970s. And in comparison to a number of surrounding districts, Tonnelly had always been plagued by a small local tax base which was not expanded by the generation of additional revenues through leasing reservoirs to New York City or land to utility companies as was the case in most of the adjoining communities and school

districts.[6] In addition, the district faced significant building maintenance and improvement costs.

The then District Superintendent recounted attending more school board meetings in Tonnelly than in any other single district during his tenure. Several administrators as well as former School Board members made frequent references to the difficulties which the Tonnelly School Board encountered in attempting to manage the district. Implicit within many of these statements was the idea that the problems which the Tonnelly Central School District and its school board faced were manageable. It was not so much the actual problems, their nature or scope, which were unmanageable but that neither the community or its school board was capable of managing them. The distinction here is an important one, for the logical extension of this notion would conclude that if the people had been different, somehow more capable of managing, then reorganization, specifically dissolution, would have been unnecessary. Even the thoughts of a former Tonnelly School Board member echoed this variation of a "great man" interpretation of the history of the reorganization:

> ...my first impression was that the Board had some very negative people on it and I still think about it, I think that's much of the reason that we closed. There was a group of people in the district who were very vocal and very negative. [They] could say absolutely nothing good about that school.

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[6] In two adjoining districts, land leases to utility companies in addition to other lease revenues increased the total assessment of these district by $1,090,000.

> Kept it stirred up all the time, and kept the kids stirred up, kept the staff stirred up. Always kept the superintendent stirred and showed that they had every right to do everything their way.

Another former School Board member recalled a similar feeling:

> I was going to try to make it a really good school and be as positive as I could but...I get the feeling that they [other Board members and Tonnelly residents] are basically negative people who complain about anything and would find anything to complain about.

A comment by a BOCES administrator for the district summed up the general perception of his office with a similar observation: "You can honestly say, the Board in Tonnelly didn't know what the hell a board was supposed to do. That's basically what it was."

However, it would seem that many of these comments seem to "put the cart before the horse." That is, they are critical comments which tend to assume, in addition to the fact that the Tonnelly School Board members and the community were less than able to deal with the programmatic and management issues which faced the district, that the school board and community members actually exercised some control over the creation of the problems. A sense that they were not only responsible for being less able to solve the school districts problems but that they were also responsible for the creation and existence of those problems.

Two of the management problems facing the District and subsequently the Board were (1) the declining enrollment and (2) the longstanding small local tax base. It is difficult to

understand how a district can be held responsible for declining enrollment and for a small local tax base. The generation of revenues from lease properties by adjoining districts placed them in financial circumstances which differed significantly from those in Tonnelly although their economic bases were similar to that of Tonnelly. In addition to the two management problems previously mentioned, the prospect of increased high school graduation requirements represented another factor which offered some challenge to the notion that the problems facing the Tonnelly Central School District were manageable. The School Board in its management of the district could respond to the socio-demographics of its community but could not manage those demographics, nor could it manage the substance of the mandates issued through the State Education Department.

In an attempt to respond to the high (in absolute terms) local tax rate in the district, in 1979 the Board attempted to "manage" the situation by "[notifying] the physical education, industrial arts, home economics, music and art teachers that they were dropping all those subjects for the next year." The then District Superintendent remembered, "...I felt for them. I understood where they were coming from. But I couldn't let them get away without them, and still call it a school." The School Board had drafted a desperate response to a worsening situation.

However, given the nature of the problems facing the School Board and the virtual "unmanageability" of several of those major factors, it seems unfair to assign blame for the problems of the

district to the School Board or to the community. The assumption that had the people been different, had they been more capable (of solving "unsolvable" problems?), then reorganization and ultimately dissolution would have been unnecessary does not bear easy proof. Objectively, the problems facing the Tonnelly Central School District bore little resemblance to solvable problems, i.e., outcomes, over which, groups or individuals, issue some control as to cause. The behavior observed during School Board meetings in the district reflected the frustration of having dealt unsuccessfully with the same problems year after year and among School Board members that behavior reflected a resignation to the continued existence of the problems facing the district.

Frequently, School Board meetings would center around the complaints of parents that their child should be playing "first string" on the basketball team or that the superintendent's salary was "too high". At times verbal argument gave way to physical confrontation.

> Now the two men, got into a fist fight...Got 'em out in the hall finally so they could swing at each other without the danger of hitting any one else. But there were often, oh, chairs thrown and all kinds of physical activities.

Rather than dealing with the insolvable problems which the district faced, conflict degenerated into something which was, at least, manageable and solvable. But the conflict reflected the strain which the increasing costs of education were forcing upon the community.

The School Board which was seated during the reorganization period was not an elected school board. (In fact, no one interviewed for this study could remember the last time a School Board had actually been elected in Tonnelly.) While the District Superintendent would make the final appointment, the nomination and selection process was informal. "I did not run for the Board," remembered a former Board member, 'nobody ran for the Board. One guy did not want to be on it...so there was a general meeting with not too many people there. And my name got tossed out by somebody. "Hey, why don't you put So-and-So's wife's name down!" And low and behold, I got it.' Former School Board members remembered their tenure on the Board as stressful and unproductive in relation to the resolution of the District's programmatic and management problems. Argumentation and conflict during the typical School Board meeting in Tonnelly deterred community members from seeking positions on the Board. The origins of the conflicts faced during the School Board meetings may be viewed as the generation of manageable and solvable problems since the programmatic and management problems facing the District were, in fact, unsolvable without some reorganizational, i.e., structural, change.

The Board's inability to effectuate solutions to the problems facing the district received a different interpretation from the area's BOCES office. While aware of the district's declining enrollment and shrinking small local tax base, the Board's action and the community sentiment were viewed as the

inability of the Board and the community to arrive at some value consensus which may have led to the solution of the district's programmatic and management problems. The then District Superintendent characterized the situation of the district, the Board and the community as an inability "to develop any sense of community and pride or anything like that. And so the school was, in some ways, a reflection of the community's problems, I think."

Interestingly enough, the view that to be unable to manage a school district was not the result of problems which bear no ready solution, but was rather evidence of some serious defect of character was the overwhelming tone of comments made by the BOCES administrators involved in the dissolution and annexation. This view is based on the assumption that with "a little work" the problems were locally manageable and solvable.

The remarks of the then District Superintendent for the BOCES region reflect a perception of the Tonnelly community as being composed of contentious and pugnacious folk. In order to understand the problems of the district, from this view, one must understand the problems of the community. However, given the nature of the problems faced by the Board, it would seem that the nature of the problems, that is, the fact that the community exercised little control over the problems which the district faced and the Board, even less, that to view the community in such a light is, at least, inaccurate and, at most, unfair. The level of community interaction at the School Board meetings

characterized a community which cared very much about the future of its school. Asking whether the Board or the community possessed the resources necessary to effectuate a solution to the programmatic and management problems faced by the district is different from asking whether the community cared about the education of its children or the management of the district.

Recall that in 1979 the Board took an urgent step and sent a letter to certain teachers informing them that the district would not offer their subjects in the upcoming year. The District Superintendent responded by threatening to rescind the Tonnelly Central School's certification as a high school. Following this action, all five School Board members resigned en masse. Subsequent to the resignation, the District Superintendent reappointed the Board. With the reappointment, however, came agreement upon (1) the need to reorganize the district and (2) the need to select the most appropriate reorganization alternative. Having agreed that reorganization was the only solution to the problems which the Tonnelly Central School District faced, the Board asked the District Superintendent to suggest a reorganization plan. In the months that followed the en masse resignation, both the Board and the District Superintendent worked together to draw the boundaries of the new districts. The Board had accepted that the district would be dissolved. The more contentious issue was attempting to determine exactly how the village of Tonnelly, itself, would be divided.

In comparison to a number of its neighboring communities, Tonnelly was viewed, by administrators and community members alike, as "property poor." The local tax bases in a number of neighboring districts were bolstered by the additional revenues generated by the location of telephone and electric companies in those areas and by leasing reservoirs to New York City.

Prior to the dissolution of the district, Tonnelly faced the problem of declining enrollment. However, a number of the surrounding communities faced the same issue. A "high," in absolute terms (approximately $21.00 per $1,000.00 of true value in 1978-79), local tax rate distinguished Tonnelly from its surrounding communities and provided its Board with the need to solve pressing fiscal issues.

The resignation of the Board after the decision to excise certain programs from the School's curriculum signaled the desperate situation of the district and ultimately the realization and acceptance by the Board of the insolvability of the programmatic and management issues facing the district, short of radical structural change. The allegations that the Tonnelly School Board and community were less capable of managing their school district is contradicted by the specific nature of the problems faced by the district (declining enrollment, longstanding small local tax base, projected increases in high school graduation requirements, and deferred building maintenance costs). The conflict reflected in the Tonnelly School Board meetings may be viewed as a result of the systemic problems which

were affecting the functioning of the Tonnelly Central School District. They, certainly, should not be viewed, however, as a complete explanation for why the District was dissolved. Even if the meetings had been less contentious, the problems of declining enrollment and a shrinking local tax base could not have been "resolved" by the School Board. Perhaps greater consideration of "resource-sharing" with other districts may or may not have taken place. Nevertheless, the common perception among administrators was that the Tonnelly Central School District had lost its "desire" to control or manage the District. In the face of the problems faced by the district, a more accurate portrayal would be one which emphasizes the inability of the Board to continue to manage the district given the magnitude and systemic nature of its program and management problems.

FACTORS CONTRIBUTING TO THE CHOICE OF DISSOLUTION

The specific program and management issues discussed above suggest that there were "bona fide" problems which interfered with the effective management and operation of the district and its central school. However, while the preceding section may establish grounds upon which to discuss the prospect of school district reorganization, it does not, however, fully account for the recommendation and subsequent choice to dissolve the district nor to annex it among four adjoining districts.

The District Superintendent at the time characterized the district by stating that "it never should have been a district...it had little reason for being." By the mid-1970s any "reason" for the district's being had long been forgotten by the local administrators. Spanning three counties, the District was viewed by the majority of regional, district, and adjoining district administrators as a logistical mess. If there had been any logic to the original district formation, few could understand the factors which had initially brought such a large and ungainly geographic area within one central school district.

Thus, in addition to the program and management problems faced by the Board, the geography of the district significantly contributed to the administrative recommendation that it be dissolved. While program and management issues may be seen as the primary factors motivating the decision to reorganize the district, the choice of dissolution and the justification of that choice was heavily influenced by a combination of both objective and subjective factors, namely, the determination of the "sense of community" and the existence of "community pride." The geography of the district contributed to the creation of both objective factors (transportation costs) and subjective factors (definition of community, "sense of community" as perceived by residents of the district, surrounding districts, and administrators) which were central considerations in the decision to dissolve the district.

The Tonnelly "community" was thought to exist solely of those people from the unincorporated village of Tonnelly. All other Tonnelly residents were associated with the villages in the townships to which they were most proximate. The pre-existing geographic fragmentation of the community and the lack of a "community" which corresponded with the actual boundaries of the district figured heavily into the administrative recommendation and ultimate community acceptance of dissolution.

A number of the students who attended the Central School had addresses and telephone exchanges in one or another of the four communities which ultimately shared in the assignment of students from the former district. For this reason, the District Superintendent viewed these students as largely associated with other communities rather than that of the village of Tonnelly. Additionally, the fact that a telephone call from one end of the district to another could occasion a long-distance telephone call further emphasized the geographic spread of the district. The district was perceived as possessing several communities within the actual district bounds.

While the district was perceived, from an administrative perspective as geographically fragmented, it was also viewed as preferentially fragmented as well. That is, residents of different areas of the district were seen as possessing different educational preferences. The "secession" of one area of the district in 1979-80 and its adjoining to a neighboring district for which local tax rates were lower was said, by regional

administrators, to reflect the different educational preferences of the district. When the Central School opened in the Fall of 1979, it was missing 64 students from this area of the district.

The sense that the district was a logistical "mess" and with "little reason for being", the perceptions of geographic and preferential fragmentation, and the lack of any singular community represented by the district contributed significantly to the dissolution recommendation. There was no sense of breaking up a tightly knit community, but rather disposing of an area which was already fragmented in terms of communities and in terms of geography.

However, the decision to annex the former district to several adjoining districts was largely due to the perception of the "lack of community" reflected by the former district and the abilities of the adjoining districts to receive additional students. In addition, the conflict-oriented School Board meetings in the former district had earned the district a less than favorable reputation with the surrounding districts. Several local administrators asserted that the failure of the original annexation plan which would have sent the majority of the former district's students to the closest adjoining district was rejected by that community precisely due to the former district's reputation as "a bunch of troublemakers." In the eyes of this adjoining community, the problems of the former district were not the program and management problems previously outlined, but rather the people of the former district who were either

either unwilling or unable to reach some consensus as to the educational values of their community.

However, these rather emotional fires were fanned by the fact that the teachers in the primary receiving district identified in the original annexation plan resisted the redistricting offer. The issue here focused upon teacher seniority. Since the teachers of the former district, on average, had greater seniority than the younger teacher force of this receiving district, the annexation would have left a number of the less senior receiving district teachers unemployed or, at least, with less attractive assignments.[7] The School Board meetings in the original receiving district produced staunch resistance from the teaching staff. A fear that the apparent descensus surrounding educational values in the former district might "infect" the receiving district, in addition to teacher resistance to the annexation, abruptly halted the attempt to annex the majority of the former district to the closest adjoining district.

The District Superintendent then began a search for a second annexation strategy, one which would be well-supported within the receiving districts, since no single adjoining district was

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[7] Section 1505a of Education Law (added in 1982) now includes "teachers' rights as a result of the dissolution of a school district." However, until the addition of this section in 1982, teachers' rights had not been previously outlined and were not made explicit under the law during the dissolution of the former District in 1980. Applicable law regarding teacher rights during 1980 were provisions set forth in contracts and collective bargaining agreements.

capable of receiving all of the 186 students from the former district. With the help of three local superintendents from adjoining districts, the final annexation plan was developed under which one district received 145 of the students from the former district with the rest being fairly evenly divided among the three other districts. The most difficult aspect of drawing the new district boundaries had to do with the treatment of the unincorporated "village" itself. While other areas of the former District may not have been perceived to be communities, the village was viewed as a community and was assigned to the district which accepted the majority of students.

Financial incentive played a central role in the support for the second annexation plan by the local superintendents from the adjoining districts. With the passage of special legislation the receiving districts received $95,800; $6,100; $10,800; and $10,600 respectively to cover the costs of the additional students.[8] Additionally, the receiving district which received 145 students (74% of the former district) also received 65% of the assessed true value for the former district as well as several buses and miscellaneous school supplies.

When the school was closed, an auction was held and much of the saleable equipment sold.[9] Revenues generated by the sale

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[8] Newspaper cite for additional amounts of state aid awarded to the receiving districts.

[9] Applicable Education Law, in this instance, see Sections 1517 ("Indebtedness of certain dissolved districts"), 1518 ("Continuance of dissolved districts for payment of debts"), 1520 ("Sale of property of dissolved district and disposition of

were distributed to the residents of the former district on the basis of a "reverse tax levy." Each taxpayer in the district received a share of the revenues based on the assessed value of his or her property. As will be discussed in the next section, the distribution of revenue generated by the sale of school equipment and the distribution of the state aid which reverted to the District in 1980-81 for the 1979-80 school year created considerable debate between local administrators and the State Education Department.

LEGAL AND POLITICAL ANALYSIS OF DISSOLUTION

The dissolution of the former district pursuant to Section 1501 of Education Law represents the only dissolution of a central school district in the State's reorganization history. However, the actual dissolution of the District was not the first consideration of the use of Section 1501 of Education Law.

In 1968, a group of parents from a union free school district (Wintergreen) petitioned their District Superintendent to dissolve the district and annex it to five adjoining districts. The parents' action was preceded by a joint study of the State Education Department and district staff which determined that students within the district were falling far

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proceeds"), and 1521 ("Collection and distribution of moneys due dissolved district").

below statewide norms on standardized tests despite the fact that first-grade pupils "demonstrated approximately the same degree of readiness for beginning school work as do the pupils of the nation generally." In addition, the district was 91.5% nonwhite. Dissolution was, in this instance, viewed as a means to desegregate a racially segregated district.

School district reorganization can be used to achieve a number of political, as well as administrative, objectives. In the case of the Wintergreen district, the Commissioner rejected the appeal although admitting, "Serious deficiencies exist in many instructional areas, caused in part by lack of available funds. There is a constant teacher turnover, which intensifies the atmosphere of defeat caused by the conflicts and frustrations accompanying segregation." However, the Commissioner did not decide the appeal on the basis of whether or not the educational interests of children from the Wintergreen district would best be served by the dissolution and annexation or on the basis of whether or not the dissolution and annexation would result in any economic saving.

In his decision in this case, the Commissioner of Education cites the "serious obstacles imposed by existing law" as the grounds for rejecting the appeal. The existing law of which he spoke was Section 1505 of Education Law, the very same law under which the Tonnelly District would be dissolved in 1980. At the time of the 1968 appeal, the Commissioner noted that he had "instructed my counsel to prepare legislation, for

introduction at the 1969 session of the Legislature, which would facilitate remedial action in a case such as this." However, no legislation was introduced the following year. The dissolution of the Tonnelly Central School District was effectuated under unamended Education Law, Section 1505.

In the 1968 Commissioner's decision, disposition of the teaching and other staff, sale of school houses, distribution of current assets to the adjoining districts (to which it had been annexed), and outstanding indebtedness were all cited as constituent parts of the "serious obstacles imposed by existing law" and which necessarily prohibited the dissolution and annexation of the Wintergreen district. Yet the Tonnelly District faced and overcame all of the legal obstacles identified as reasons not to effectuate the dissolution of the Wintergreen district. For example, the teaching staff of Tonnelly District was perhaps one-quarter of the size of that in the Wintergreen district and employment was found for all but two of the teachers from the dissolved District. In Tonnelly, the sale of the "schoolhouses of the district at public auction," required under Section 1520 was accomplished perhaps more easily than would have been the case for Wintergreen because there was a single physical plant. The property and building were disposed of through an agreement with the unincorporated village which bought the former schoolhouse for $1.00 and created a community center.

Sections 1520, "Sale of property of dissolved district and disposition of proceeds," and 1521, "Collection and distribution

of moneys due dissolved district," most notably the latter, elicited a response from the State Education Department's Office of Equalization and Assessments. Section 1520 states:

> 3. The supervisor, after deducting the expenses of the sale shall apply its proceeds to the payment of the debts district, and apportion the residue, if any, among the owners or possessors of taxable property in the district in the ratio of their several assessments of the last corrected assessment-roll of the towns, and pay it over accordingly.[10]

Under this section of Education Law, it is explicitly stated that all proceeds stemming from the sale of the property within a dissolved district will be distributed on the basis of a reverse tax levy as stated in Subdv. 3 of Section 1520. Since the schoolhouse was sold to the village for the sum of $1.00, the District did not have to consider the distribution of any proceeds from the sale. However, school equipment was sold at a public auction and the proceeds were distributed in accordance with Subdv. 3 of Section 1520.

However, as was stated in the Wintergreen case, under Section 1521, " current assets of a dissolved district" must be distributed "to the various districts to which its parts were annexed." Correspondence contained in the closing file for Tonnelly discussed the interpretation of Section 1521 and the disposition of the 1979-80 state aid which would revert to the District in 1980-81 after the district had been dissolved and the school closed. Under Section 1521, "Collection and distribution of moneys due dissolved district," after the supervisor of the

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[10] Education Law, Section 1520, Subd. 3.

town or towns collects, deducts costs, and reports the final balance of moneys collected by the district, "the District Superintendent ... shall apportion the same equitably among the districts to which the parts of the dissolved district were annexed, to be by them applied as their district meeting shall determine."[11] In the case of Tonnelly, no such distribution was made to the four adjoining districts. The 1979-80 state aid which reverted to the district in 1980-81 was not disposed of under Section 1521 which accounts for the disposition and distribution of all current assets of the district. As previously mentioned, the adjoining districts which received students from the former district each received additional state aid through the passage of special legislation in addition to a percentage of the former district's assessment, calculated to approximate the percentage of student's received from the former district. However, none of the four districts involved in the annexation shared in any of the moneys collected by the former district in 1980-81. Only the classification of state aid reverting to the district as other than "current assets" would account for its effective exclusion from disposition under Section 1521 rather than 1520.

The dissolution and annexation of the former district met all the problems which were viewed as "serious obstacles to the existing law" by the Commissioner of Education in 1968 in the Wintergreen case. However, the problems were met, and the

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[11] McClintock's Annotated Laws of New York.

dissolution and annexation occurred without a single challenge from the former district or the four receiving districts. In part, the lack of resistance to the dissolution and annexation may stem from the fact that the communities involved in the reorganization possess fairly similar demographic profiles. In other words, the communities within each of the districts were very much the same in terms of income, wealth, property, race, ethnicity, etc. Aside from a bit of school rivalry, there was little conflict between or among students at the schools which had received students from the former district.

While the legalities of the dissolution and annexation are fairly straightforward, the politics of this particular reorganization variant bear closer examination. In the case of the Wintergreen School District in 1968, dissolution and annexation were viewed as a means by which to desegregate a racially segregated district. The ethnic and racial composition of the Wintergreen district differed markedly from the adjoining school districts to which it was requesting annexation. Additionally, the local tax base for the Wintergreen community also differed markedly from that of the surrounding districts.

In the case of the former district under investigation in this study, dissolution and annexation were largely viewed as solutions to declining enrollment and a small shrinking local tax base. While the educational interests of students were kept in mind during the course of the pre-reorganization discussions, administrators and teachers from the adjoining districts which

received students from the former district readily admit to the generally "good" academic preparation of former district students. In qualitative terms, their educations had not suffered markedly from the size or fiscal problems encountered by the Board. The financial incentive offered to the former district property owners additionally reflects a set of reorganization objectives which are fiscal and managerial in their nature.

Most important, however, were the similarities which the former district bore to its adjoining districts. Educational preferences, as well as community histories and economic classes were largely the same. In the case of the Wintergreen district, the call to dissolve the district involved the joining of that district to several other districts which differed from it substantially. Of course, the Wintergreen district, as a larger district with more teachers, students, school houses, and greater indebtedness would have faced the same problems as the Tonnelly district. However, the Wintergreen case would have been further complicated by the size of the district and perhaps also by racial animosity.

FUTURE USES OF DISSOLUTION AND ANNEXATION IN THE REORGANIZATION OF CENTRAL SCHOOL DISTRICT

Any evaluation of dissolution and annexation as an organizational response to the program and management problems

currently facing small central school districts must realistically assess the cost of litigation if dissolution and annexation are to be seriously considered as the preferred reorganizational variants. This is especially true if we look at the history of appeals and litigation which have been the frequent responses to the dissolution and annexation of common and union free school districts.

The case documented in this study can not be viewed as the "typical" dissolution and annexation case. The financial incentive alone to dissolve, offered to the Tonnelly District taxpayers provided considerable motivation to accept this particular reorganization variant. In the case of the receiving districts, financial incentives also played an important role in accepting and supporting the annexation plan. In the case of dissolution as well as annexation, money was a strong "pot-sweetener" for the acceptance of a district reorganization policy. Former School Board members of the Tonnelly District spoke at length regarding the importance of the financial arrangements and incentives for their community which motivated them to support dissolution and annexation.

While dissolving districts and receiving districts may emerge from the reorganization with additional revenues to show for their troubles, it is not clear how large the economic and financial savings are for the State. In the case of Tonnelly, the State was forced to pay aid twice, once to the residents of Tonnelly and once to the residents of the receiving districts.

Now that this precedent has been set, the State may find itself forced with significant cash outlays should dissolution become a widespread organizational alternative. However, these are short term, one time costs. In the long run, the elimination of an organization unit can work to the financial benefit of the State.

For central school districts considering dissolution and annexation, several factors are central to the consideration of the reorganizational variant: teaching and non-teaching staff rights, disposition of and distribution of revenues generated through the sale of school houses and school equipment, distribution of state aid reverting from the preceding year, district indebtedness, and similarities between and among the dissolving district and receiving district. With the exception of the first factor, teaching and non-teaching staff rights, the Education Law applicable to the other factors has remained largely unchanged.[12]

Given the broad statutory powers afforded the District Superintendents under Section 1505 of Education Law, dissolutions and annexations of central school districts can easily be implemented based on administrative judgments made by professional educators. While broad discretionary powers are available under this reorganization variant (it is, by law, subject only to a permissive referendum) to administrators, community participation in the apportioning of the district to be

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[12] With the exception of 1983 amendment allowing for the distribution of additional state aid to districts which have received students from a dissolved district.

dissolved as well as the participation of the adjoining local superintendents in the development of transition programs for the entrance of the dissolved district students into their schools is advisable. (One of the receiving schools involved in the dissolution and annexation discussed in this case study operated a series of one-day student exchanges whereby students from the receiving district attended the soon-to-be closed central school and students from the soon-to-be closed school attended classes in the receiving school.)

Indebtedness played a role in the decision to dissolve and annex the Tonnelly district. In this case, dissolution and annexation were preferred given the small extent of the district's indebtedness. Building bonds, pension plans, and the overall indebtedness of a district will also affect the decision to dissolve. Significant district indebtedness can decrease the financial incentive offered to district taxpayers. These incentives, as this case study shows, are an important source of community support for the dissolution and annexation of a district. If the repayment of debts had absorbed much of the revenue generated by the sale of school equipment or had diminished the amount of 1979-80 state aid available for distribution, a decrease in the local tax rate would then have remained the only incentive to dissolve the district. Given such a change in the (financial) incentive used to garner community support for the reorganization, it is doubtful that dissolution

and annexation would have received the overwhelming support which it did ultimately receive.

In 1980, the Tonnelly Central School District was viewed as having "little reason for being." According to this view, dissolution provided the appropriate means to reorganize a "district which should never have been a district in the first place." Although the logic behind the district's original organization had seemingly been lost, dissolution and annexation provided an appropriate and acceptable (by the standards of the communities involved) means of responding to specific programmatic and management issues encountered in the operation of a small rural central school district.